Exhibit 2B Reserve Study

1. Provide a general description of the actuarial methodologies used to determine and monitor carried loss and loss adjustment expense reserves for the medical malpractice business written, including frequency of reviews.

   At the end of the first and second quarters, our internal actuary performs reserve reviews of our primary business segments. These reviews include the application of various actuarial techniques as well as a comparison of actual development during the year to expected development implied by the prior year-end reserve study. At the end of the third and fourth quarters, more extensive reviews are performed on both an internal basis and on an independent external basis by our consulting actuaries. Some of the actuarial techniques employed include various development methods, Bornhuetter-Ferguson, Berquist-Sherman, backward recursive, and frequency/severity methods.

2. Discuss the adequacy of medical malpractice loss and loss adjustment expense reserves as of the most recent year-end and identify and describe any material changes in the past five years in amounts of carried reserves and in reserving methods. If a material unfavorable trend exists, indicate what actions were taken to address the issue. Identify the materiality standard used to respond to this question and provide the basis for this standard.

   During 2008, we recognized $17 million of favorable prior year reserve development. At year-end 2008, carried reserves were 3.2% above our consulting actuary's point estimate, and 6.6% above our internal actuary's point estimate. Reserves have developed favorably over the past several years. There have been no material changes in reserving methods in the past five years, nor does a material unfavorable trend exist.

3. Compare company trends to industry trends, with regards to the medical malpractice line of business and include information about the specific business written by the company and, if necessary, reasons why company trends are different from the industry.

   Over the past several years, we have experienced a decrease in claims frequency, although this appears to be leveling off more recently and perhaps beginning to climb slightly. We believe that this is consistent with industry trends.

Exhibit 2b Surplus Study

1. Provide a general discussion regarding the adequacy of surplus reported on Annual Statement, page 3 (Liabilities, Surplus and Other Funds), line 35, Surplus as regards policyholders, as of the last year-end.

   We believe that we have an appropriately conservative level of surplus. We are rated A- by A.M. Best. Our consulting actuary believes that there are not significant risks and uncertainties that could reasonably result in material adverse deviation of our reserves. In determining this materiality standard, they used the minimum of 20% of surplus, 10% of net reserves, and the difference between surplus and the Company Action Level RBC.

2. Identify and describe any material events or known material trends, favorable or unfavorable, in the insurer's surplus account in the past five years. This description should include any significant changes in the surplus ratios shown on Exhibit A. If a material unfavorable trend exists, indicate the courses of remedial actions already taken or that are available to the insurer and the effects or potential effects of each. Identify the materiality standard used to respond to this item and provide the basis for this standard.

   This is the first year that we have been required to report this information, so only 2008 data is shown on that exhibit. In future years, we will be able to comment on changes to these amounts. However, our surplus level has grown over the past five years due to improved operating results.

Company Defined Items

1. For all reports requiring "by county" information, the company may group the data by policy issuing county or other method that is consistent with its ratemaking practices. The company must identify which method is used. The company must use a consistent method to group the data in all "by county" reports. Data grouped by territory is unacceptable. Describe any changes made to the way in which the data has been grouped during the past ten years and the impact of the change(s) on the reports.

We have grouped the data by policy issuing county. No changes have been made.

2. Describe any change(s) made to reserving or claim payment practices in the past ten years and the impact of the change(s) on the reports.

No changes have been made.

3. Define closed claim, i.e., is a claim closed when it is assigned a closed date, or when both indemnity plus expense reserves are $0, or in some other instance? Describe any change(s) made to this definition in the past ten years and the impact of the change(s) on the reports.

A claim is considered closed when it is assigned a closed date. No changes have been made.

4. Explain/define the corporate policies written by the company.

<u>Shared Corporate Coverage</u>:

Any solo policyholder can elect to add a corporation onto their policy and low that corporation to share in their limit of liability. The corporation will be assigned a retroactive date.

<u>Separate Corporate Limit:</u>

Optional corporate coverage is available to those policyholders written on a clinic policy and is available for groups of two or more physicians.

If all physician members (shareholders or partners) are not insured with FPIC, they may be added to the corporate coverage schedule, subject to underwriting approval, upon proof of acceptable individual coverage at the same limit (or higher) as the corporate limit. A vicarious premium charge will be applied. Otherwise, there is no corporate coverage for their actions.

Ancillary personnel are covered under the corporate coverage as long as they are acting within the scope of their employment.

Charges for designated employees and other vicarious liability charges will be added to the corporate coverage.

Retroactive coverage for the corporate coverage is subject to underwriting approval. If all additional insureds under a clinic policy do not have the same limit of liability individually, the limit available for the organization is the lowest limit of any individual physician scheduled.

5. Each company shall use the base class and territory that is consistent with its most recent rate filing. Please define your company's base class and territory. Describe any change(s) made to the base class and/or territory in the past ten years and the impact of the change(s) on the reports.

The base class for FPIC is Internal Medicine – No Surgery. This has not changed in the past 10 years since we just filed rates in Illinois effective January 1, 2008. The base territory consists of the following counties that have a territory factor of 1.00.

Peoria
Adams
Alexander
Bond
Boone
Brown
Calhoun
Carroll
Cass
Christian
Clark
Clay
Clinton
Crawford
Cumberland
De Witt
Douglas
Edgar
Edwards
Fayette
Ford
Franklin
Fulton
Gallatin
Greene
Hamilton
Hancock
Hardin
Henderson
Henry
Iroquois
Jasper
Jefferson
Jersey
Jo Daviess
Johnson
Kendall
Knox
Lawrence
Lee
Livingston
Logan
Macoupin
Marion
Marshall
Mason
Massac
McDonough
McLean

Menard
Mercer
Monroe
Montgomery
Morgan
Moultrie
Perry
Piatt
Pike
Pulaski
Putnam
Richland
Rock Island
Saline County
Schuyler
Scott
Shelby
Stark
Stephenson
Tazewell
Union
Wabash
Warren
Washington
Wayne
White
Whiteside
Williamson
Woodford
Grundy
Ogle

6. Describe any adjustment(s) made to exposures for extended reporting endorsements and the impact of the adjustment(s) on the reports.

No adjustments have been made.

7. For the maturity year and tail factors disclosure, list each tail factor with the corresponding maturity year if a different tail factor is used for each maturity year. If another method is used, list and describe factors and method used.

1st Year	3.306
2nd Year	3.153
3rd Year	2.401
4th Year	2.196
Mature	2.180

8. Define what expenses are included in the expense factor.

In Exhibit1, the expense factor of 12% in columns 314-318 consists of general expenses and claims handling.

9. List and define individually any "other" factors used in the rate filing to establish rates. This could include but is not limited to the following: profit load, reinsurance load, investment income, schedule debits/credits, etc.

No other factors were used in the rate filing.

10. Describe any methods and/or assumptions used in creating Reserve Study Exhibit A and why these assumptions are necessary.

Given the size and/or newness of the Illinois business, we made loss ratio assumptions to calculate IBNR that are not necessarily based on detailed actuarial analysis. Beyond that, there are no assumptions.

<u>Please include Consulting Actuarial Report and Data Supporting the Company's Rate Filing</u>

Our latest rate filing was based on competitor analysis and did not rely on an actuarial report.

<u>Reconciliation</u>

All data that has been submitted comes from the same data warehouse that has been reconciled to our year end reserve studies and ties to our Annual Statement. Our senior financial officer and qualified actuary certify this to be true.

In Exhibit2AReserves, the number in columns 65-69, row 10 should be 163,063.
In Exhibit2AReserves, the number in columns 76-80, row 10 should be 196,175.

In Exhibit2ASurplus, the number in columns 45-51 should be negative.
In Exhibit2ASurplus, the number in columns 66-73 should be negative.